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United Nations Industrial Development Organization

Industrial Development Board

Thirteenth session

SUMMARY RECORD OF THE 8th MEETING

Held at the Vienna International Centre, Vienna,
on Friday, 11 November 1994, at 3 p.m.

President: Mr. EL HUSSEIN (Sudan)

CONTENTS

Agenda item		Paragraphs
-	Introduction of draft decisions	1 - 3
3	UNIDO policy framework - organizational and staff structure (continued)	4 - 8
4	Progress report for 1994 on specific UNIDO activities, in particular:	9 - 22
	(a) Human resource development	
	(b) Development and transfer of technology	
	(c) Industrial rehabilitation and modernization	
	(d) Small- and medium-scale industries	
	(e) Environment, energy and sustainable industrial development	
	(f) Industrial investment promotion	
	(g) Integration of women in industrial development (continued)	
5	Report of the Programme and Budget Committee	23 - 49
	(a) Report of the External Auditor, financial performance report and programme performance report for the biennium 1992-1993	
	(b) Financial situation of UNIDO	
	(c) Medium-term plan, 1996-2001 (including implementation of resolution GC.5/Res.1)	
	(d) UNIDO-administered funds	
	(i) Guidelines and procedures governing acceptance and funding	
	(ii) Industrial Development Fund	
	(iii) In-depth evaluation of special trust fund projects	
	(e) UNIDO Country Director programme	
	(f) Accounting standards	
	(g) Electronic data-processing programme (continued)	
6	The external debt and industrial development (continued)	50 - 51
7	Industrial development cooperation and consultations (including implementation of General Assembly resolution 47/153) (continued)	52 - 53
8	Joint United Nations/UNIDO conference services (continued)	54 - 55

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Distr.: 28 November 1994

CONTENTS (continued)

Agenda item		Paragraphs
9	Headquarters agreement between UNIDO and the Republic of Austria (continued)	56 - 59
10	Administrative matters	60 - 63
	(a) Joint Inspection Unit	
	(b) International Civil Service Commission	
	(c) United Nations Joint Staff Pension Fund (continued)	
12	Preparations for the sixth session of the General Conference (continued)	64
13	Home leave entitlements of staff serving in the UNIDO Secretariat (continued)	65 - 69
14	Provisional agenda and date of the fourteenth session	70
15	Adoption of the report of the thirteenth session	71 - 73
16	Closure of the thirteenth session	74 - 88

The meeting was called to order at 3.45 p.m.

INTRODUCTION OF DRAFT DECISIONS (IDB.13/L.2, IDB.13/L.3 and Add.1, IDB.13/L.4-L.27)

1. The PRESIDENT said that agenda items 3-10 and 12-14 were still open for the adoption of decisions. A number of draft decisions, which had all been discussed in the informal consultations held with the aim of facilitating the drafting of decisions, were now before the Board for consideration (IDB.13/L.2-L.27)

2. Mrs. OK (Turkey), speaking as chairman of the informal consultations, informed the Board that the group had adopted 25 of the texts before it. It had been unable to reach consensus on only one text, draft decision IDB.13/L.16 on item 5 (b), "Financial situation of UNIDO", and 5 (c), "Medium-term plan, 1996-2001 (including implementation of resolution GC.5/Res.1)", on which one Member State had been unable to agree. One paragraph of the text concerned consequently appeared in square brackets.

3. The PRESIDENT said that the draft decisions approved in the informal consultations had been brought to his attention by the chairman of the consultations and that he was in turn submitting them to the Board as his drafts.

UNIDO POLICY FRAMEWORK - ORGANIZATIONAL AND STAFF STRUCTURE (continued) (IDB.13/27 and Corr.1, IDB.13/31; IDB.13/CRP.1; IDB.13/L.27)

4. The PRESIDENT drew the Board's attention to draft decision IDB.13/L.27.

5. The draft decision was adopted.

6. Mr. OCHOA (Venezuela), speaking on behalf of the Group of 77, said, with reference to the decision just adopted, that the Group appreciated the efforts made by the Director-General to revitalize UNIDO, reaffirmed its support for UNIDO and called on all Member States to extend full political, financial and technical support to the Organization.

7. It had noted with concern that some donor countries had expressed uncertainty about their commitment to UNIDO. It hoped that that trend, which could seriously threaten the spirit and structure of North-South cooperation, could be reversed in future.

8. It also wished to reiterate the request it had made to the Director-General at the previous session (IDB.12/SR.6, para. 20) to ensure that the representation of developing countries at the D-2 (Managing Director) level was maintained at four posts. It had been disappointed to note the temporary imbalance at the D-2 level and urged the Director-General to correct it as soon as possible. The balance was of particular importance in view of UNIDO's mandate to promote the industrial development of developing countries. It asked the Director-General to try to improve the representation of developing countries and especially of women from developing countries in the Secretariat.

PROGRESS REPORT FOR 1994 ON SPECIFIC UNIDO ACTIVITIES, IN PARTICULAR:

(a) HUMAN RESOURCE DEVELOPMENT

(b) DEVELOPMENT AND TRANSFER OF TECHNOLOGY

(c) INDUSTRIAL REHABILITATION AND MODERNIZATION

(d) SMALL- AND MEDIUM-SCALE INDUSTRIES

(e) ENVIRONMENT, ENERGY AND SUSTAINABLE INDUSTRIAL DEVELOPMENT

(f) INDUSTRIAL INVESTMENT PROMOTION

(g) INTEGRATION OF WOMEN IN INDUSTRIAL DEVELOPMENT (continued) (IDB.13/12 and Add.1; IDB.13/L.2-L.8)

9. The PRESIDENT drew attention to draft decision IDB.13/L.2 on human resource development.

10. The draft decision was adopted.

11. The PRESIDENT drew attention to draft decision IDB.13/L.3 on development and transfer of technology.

12. The draft decision was adopted.

13. The PRESIDENT drew attention to draft decision IDB.13/L.4 on industrial rehabilitation and modernization.

14. The draft decision was adopted.

15. The PRESIDENT drew attention to draft decision IDB.13/L.5 on small- and medium-scale industries.

16. The draft decision was adopted.

17. The PRESIDENT drew attention to draft decision IDB.13/L.6 on environment, energy and sustainable industrial development.

18. The draft decision was adopted.

19. The PRESIDENT drew attention to draft decision IDB.13/L.8 on industrial investment promotion.

20. The draft decision was adopted.

21. The PRESIDENT drew attention to draft decision IDB.13/L.7 on the integration of women in industrial development.

22. The draft decision was adopted.

REPORT OF THE PROGRAMME AND BUDGET COMMITTEE

(a) REPORT OF THE EXTERNAL AUDITOR, FINANCIAL PERFORMANCE REPORT AND PROGRAMME PERFORMANCE REPORT FOR THE BIENNIUM 1992-1993

(b) FINANCIAL SITUATION OF UNIDO

(c) MEDIUM-TERM PLAN, 1996-2001 (INCLUDING IMPLEMENTATION OF RESOLUTION GC.5/RES.1)

(d) UNIDO-ADMINISTERED FUNDS

(i) GUIDELINES AND PROCEDURES GOVERNING ACCEPTANCE AND FUNDING

(ii) INDUSTRIAL DEVELOPMENT FUND

(iii) IN-DEPTH EVALUATION OF SPECIAL TRUST FUND PROJECTS

(e) UNIDO COUNTRY DIRECTOR PROGRAMME

(f) ACCOUNTING STANDARDS

(g) ELECTRONIC DATA-PROCESSING PROGRAMME (continued) (IDB.12/2; IDB.13/2, IDB.13/3 and Add.1, IDB.13/4 and Corr.1, IDB.13/5-9, IDB.13/10 and Add.1, IDB.13/11, IDB.13/19-21, IDB.13/22 and Add.1, IDB.13/24, IDB.13/28, IDB.13/29, IDB.13/31; IDB.13/CRP.4, IDB/13/CRP.6; IDB.13/L.13-L.15, L.17-L.21)

23. The PRESIDENT drew attention to draft decision IDB.13/L.13 on sub-item (a), "Report of the External Auditor, financial performance report and programme performance report for the biennium 1992-1993".

24. The draft decision was adopted.

25. The PRESIDENT said that the first draft decision on sub-item (b) was draft decision IDB.13/L.14, entitled "Financial situation of UNIDO".

26. The draft decision was adopted.

27. The PRESIDENT drew attention to draft decision IDB.13/L.15 on losses related to small catering items.

28. The draft decision was adopted.

29. The PRESIDENT drew attention to draft decision IDB.13/L.17 on the replacement of the telephone system.

30. The draft decision was adopted.

31. Mr. ARCILLA (Philippines) said that, while aware of the apparent need to replace the present telephone system and of the savings involved in doing so as quickly as possible, his delegation was not convinced that the timing was opportune, in view of the Organization's financial difficulties. He requested the Director-General to keep Member States informed of progress on the matter.

32. The PRESIDENT drew attention to draft decision IDB.13/L.18, submitted under sub-item (c) on private sector development.

33. The draft decision was adopted.

34. The PRESIDENT said that draft decision IDB.13/L.16 was being submitted under sub-items (b) and (c). As had been pointed out, one paragraph of the draft decision, paragraph (f), had been kept in square brackets.

35. Mrs. OK (Turkey), speaking as chairman of the informal consultations, said it had now been agreed in last minute consultations that the square brackets should be removed from paragraph (f) and the following words added at the end of the paragraph: "taking into account paragraph (i) of this decision".

36. The draft decision, as revised, was adopted.

37. Mr. AKAO (Japan) said that his delegation had had reservations about the draft in its original form and continued to find it unsatisfactory, but it had not wished to press the matter to a vote. It considered, firstly, that, unless and until UNIDO's serious financial difficulties were overcome, it was premature to consider any further diversion of regular budget resources to technical assistance expenditure. Its second and more important objection was one of principle. It believed that, basically, technical cooperation programmes should be financed from voluntary contributions. Any proposal to study the advantages and disadvantages of the 6 per cent figure set as a regular budget ceiling for those programmes needed thorough discussion. His delegation looked forward to receiving the Director-General's report on the subject at the next session.

38. The PRESIDENT said that, under the first subject under sub-item (d), namely "Guidelines and procedures governing acceptance and funding", there was a draft decision contained in document IDB.13/L.19.

39. The draft decision was adopted.

40. The PRESIDENT said that, under the subject "Industrial Development Fund", there was a draft decision contained in document IDB.13/L.20.

41. The draft decision was adopted.

42. The PRESIDENT said that no draft decision had been submitted under the third subject of sub-item (d), "In-depth evaluation of special trust fund projects". He suggested that the Board should take note of the information provided by the Director-General in document IDB.13/24.

43. It was so decided.

44. The PRESIDENT drew attention to draft decision IDB.13/L.21 on the UNIDO Country Director programme (sub-item (e)).

45. The draft decision was adopted.

46. The PRESIDENT said that no draft decision had been submitted under sub-item (f), "Accounting standards". He suggested that the Board should take note of the information contained in document IDB.13/5 on the new accounting standards in the United Nations system and their application by UNIDO, as well as conclusion 94/10 of the Programme and Budget Committee.

47. It was so decided.

48. The PRESIDENT said that under sub-item (g), "Electronic data-processing programme", no draft decision had been submitted. He suggested that the Board should take note of the information provided in document IDB.13/20.

49. It was so decided.

THE EXTERNAL DEBT AND INDUSTRIAL DEVELOPMENT (continued) (IDB.13/13)

50. The PRESIDENT said that no draft decision had been submitted under the agenda item and suggested that the Board should take note of the progress report by the Director-General on the subject as contained in document IDB.13/13.

51. It was so decided.

INDUSTRIAL DEVELOPMENT COOPERATION AND CONSULTATIONS (INCLUDING IMPLEMENTATION OF GENERAL ASSEMBLY RESOLUTION 47/153) (continued) (IDB.12/2; IDB.13/15, IDB.13/16, IDB.13/30; IDB.13/L.9-L.12)

52. The PRESIDENT drew attention to draft decisions IDB.13/L.9-L.12.

53. The draft decisions were adopted.

JOINT UNITED NATIONS/UNIDO CONFERENCE SERVICES (continued) (IDB.13/17)

54. The PRESIDENT said that no draft decision had been submitted on the agenda item and suggested that the Board should take note of the information provided by the Secretariat on the subject.

55. It was so decided.

HEADQUARTERS AGREEMENT BETWEEN UNIDO AND THE REPUBLIC OF AUSTRIA (continued) (IDB.13/26; IDB.13/L.23)

56. The PRESIDENT drew attention to draft decision IDB.13/L.23.

57. The draft decision was adopted.

58. Mr. DE YTURRIAGA BARBERAN (Spain) said that the Spanish version of paragraph (d) of the decision was unclear.

59. The PRESIDENT said that the Secretariat would make the necessary amendments to the Spanish version.

ADMINISTRATIVE MATTERS

(a) JOINT INSPECTION UNIT

(b) INTERNATIONAL CIVIL SERVICE COMMISSION

(c) UNITED NATIONS JOINT STAFF PENSION FUND (continued) (IDB.13/18, IDB.13/23 and Add.1; IDB.13/L.24)

60. The PRESIDENT said that no draft decision had been submitted under sub-item (a) and suggested that the Board should take note of the recommendations of the Joint Inspection Unit and the

62. The PRESIDENT drew attention to draft decision IDB.13/L.24 relating to sub-items (b) and (c).

63. Draft decision IDB.13/L.24 was adopted.

PREPARATIONS FOR THE SIXTH SESSION OF THE GENERAL CONFERENCE (continued) (IDB.13/14; IDB.13/L.25)

64. Draft decision IDB.13/L.25 was adopted.

HOME LEAVE ENTITLEMENTS OF STAFF SERVING IN THE UNIDO SECRETARIAT (continued) (IDB.13/25; IDB.13/L.22)

65. The PRESIDENT informed the Board that he had received a petition signed by 556 UNIDO staff members which he would ask the Secretary to read out.

66. Mr. KAYALAR (Secretary of the Board) said that the staff members concerned noted in the petition that the Administration's study relating to the home leave entitlements of staff serving at UNIDO Headquarters demonstrated that the cost of providing those entitlements was lower in UNIDO than in all but one of the common system organizations surveyed, and expressed strong opposition to any attempts to disadvantage UNIDO staff still further by reducing those entitlements and restricting arrangements that had been shown to be efficient and economical.

67. The PRESIDENT said that he was bringing the petition to the attention of the Board for information only and had no intention of reopening a debate on the subject.

68. He drew attention to draft decision IDB.13/L.22. In the second line of paragraph (c), after the word "introduce" the following words should be added: ", and inform the Member States of,".

69. Draft decision IDB.13/L.22, as revised, was adopted.

PROVISIONAL AGENDA AND DATE OF THE FOURTEENTH SESSION (IDB.13/L.26)

70. Draft decision IDB.13/L.26 was adopted.

ADOPTION OF THE REPORT OF THE THIRTEENTH SESSION (IDB.13/L.1)

71. Mr. CURIA (Argentina), Rapporteur, introducing the draft report of the Board on its thirteenth session (IDB.13/L.1), said that the document was as complete as it could be at the present stage. Various particulars could not be inserted until the session had ended.

72. The PRESIDENT said that, if he heard no objections, he would take it that the Board wished to adopt the draft report as a whole on the understanding that the Rapporteur would finalize it, in consultation with his "Friends", as soon as possible after the close of the session.

73. It was so decided.

CLOSURE OF THE THIRTEENTH SESSION

criticisms, which had generally been constructive and frank and to which the Secretariat would give careful consideration, and the recognition by Member States of what UNIDO had achieved, though much remained to be done. He was gratified by the support shown by developing countries and those with economies in transition, as well as by the host State.

75. The Secretariat was sure that the constructive criticism of UNIDO was consistent with the view of States that there was a need for substantive reform of the United Nations system, and especially of cooperation for development. UNIDO was not exempt from the resulting crisis, but it had sought change and was achieving it. He had spoken at the end of the twelfth session (IDB.12/SR.6, para. 39) of the need to avoid the trap of complacency or excessive optimism and not to be content with the expression of good intentions. He and his staff realized, as he believed Member States did, that the way ahead was uncertain and subject to situations that were often beyond their control. The foremost problem was the Organization's financial situation. The maximum limit on the regular budget, the dramatic fall in UNDP contributions for technical cooperation and inherited rigidities had placed UNIDO in a strait-jacket. Nevertheless, the Organization had been able to respond. Staff had been reduced; objectives, programmes, mechanisms and procedures had been overhauled; progress had been made in the development of an institutional culture that aimed for excellence in the provision of services. While much remained to be done, what had been achieved in just 10 months would be hard to match. But time was needed to complete the task.

76. Although the regular budget posed problems, the essential problem lay in the operational budget. Project execution capacity needed to be strengthened, but donor countries had so far been reluctant to increase their contributions to IDF or to channel more resources to UNIDO through UNDP. The Organization thus found itself in a vicious circle: it was told that more funds would be forthcoming only if there were viable projects, but viable projects could not be identified unless a minimum of funds was guaranteed. That the vicious circle could be broken was shown by the success of UNIDO with environmental projects funded under the Montreal Protocol. Clearly, the technical staff of UNIDO could generate and promote innovative ideas that would have a direct impact on the industrial development of the developing countries if resources were available. But the Organization must act also on other fronts, where the requirements of developing countries were many but finance was lacking.

77. As several representatives had said, UNIDO should not be strangled. If some Member States did not wish to have UNIDO, they should say so unequivocally. An organization with a regular budget of $100 million was unjustifiable unless it was given additional resources for technical cooperation or the financial flexibility and time needed to achieve the desired results. He wished at that point to express appreciation for the payments made during the current week by some countries, in particular by Cameroon, which had paid its assessed contribution up to 1997, and he would also like to mention the voluntary contri-

78. He could not fully understand the argument of some countries that were requesting yet more prioritization despite the agreements reached at Yaoundé and the detailed explanations of what had already been done. The resources of UNIDO came mainly from voluntary contributions and trust funds, and it was the donors who set the priorities and approved the projects. The resources still remaining for prioritization amounted to very little.

79. The Secretariat was aware that UNIDO needed to focus increasingly on areas and projects that were strategically significant and where it possessed a real competitive advantage over other international organizations and institutions. He believed that the Organization was moving in the right direction. A sizeable proportion of the total funds for projects approved up to October 1994 had been earmarked for projects covering the priority themes identified at Yaoundé and other areas where huge growth potential existed. The thematic documents prepared on the basis of developing countries' needs would be made available to the Board before the next session of the Programme and Budget Committee and he hoped to present, during the first quarter of 1995, a document setting out the final criteria for programme and project analysis and selection, including a more specific list of priority and non-priority activities, taking into account the Organization's available human resources and its competitive advantages.

80. Dialogue with Member States was to be encouraged and the Secretariat would welcome their opinions. However, the entire pre-Yaoundé debate should not be reopened. It would be a pity to forfeit what had been achieved for the sake of perfectionism. The Secretariat had a right to know what Member States wanted. Once the prioritization exercise was completed, it was hoped that present and future donor countries would contribute directly or assist the Organization in indirectly generating the necessary financial resources for its programmes.

81. In the interests of effective communication with Members, he planned to hold a series of briefing meetings on selection priorities and criteria and also on aspects relating to the identification, selection and rejection of technical cooperation projects and on the status of project and programme implementation. In response to requests made by Board members, he intended to arrange a special informal meeting at Vienna in early 1995 to explore possible ways of rationalizing the working methods of UNIDO's policy-making organs, and he would also organize a briefing meeting on progress in the procedure for the selection of the new telephone equipment. Moreover, he intended to hold periodic meetings with the various regional groups to deal with issues of mutual interest, such as efforts to achieve a more equitable geographical representation.

82. The word "crisis" had been much heard in the past in the corridors of the Organization. In the Chinese language, that term was composed of two characters, one denoting danger and the other opportunity. With the clear position adopted through the decisions taken at the current session, he believed that the dangers were being

the time of the Organization's establishment. They lay in the changing conditions of the economy and industry, their globalization and interdependence and their strategic role in social development. The time had thus come to send out a clear message that, now more than ever, Member States needed to promote industrial development and could rely on a revitalized UNIDO to complement their own efforts effectively through international cooperation.

83. The PRESIDENT said that the session had been successfully concluded with the adoption by consensus of the draft decisions before the Board, many of which were concerned with issues of vital importance in translating the Yaoundé Declaration and the results of the fifth General Conference session into constructive programmes and projects designed to meet the aspirations of the developing countries. Special thanks should be extended to the chairman of the informal consultations, whose wisdom and perseverance had helped to bring about that consensus. The valuable contributions made by the delegations had also played an effective part in paving the way for the adoption of the decisions and in sharpening the Board members' focus on the issues involved.

84. Despite the differing views expressed during the session on the prioritization of UNIDO's activities, two important aspects had received general support: the emphasis to be placed on promoting the development of the African States and the special priority to be accorded to the least developed countries.

85. Some delegations had commented on the reform measures that should have been taken. It should not be forgotten that less one year had elapsed since the Yaoundé Conference session, which was far too short a period for achieving all the ambitious objectives agreed on there. Sufficient time was needed for the required steps to be taken, and the resources available to the Organization were still meagre.

86. It was necessary for a transparent dialogue to be maintained between Member States and the Secretariat on a continuing basis. UNIDO's advancement required that the efforts of the Secretariat and those of Member States, which were complementary, should be interlinked. The exchange of ideas and views should not be reserved only for sessions of the Board or General Conference.

87. Finally, he wished to thank the Director-General for his assistance and the Managing Directors for their contributions. Thanks were also due to the Secretary of the Board, the members of the Bureau and the Secretariat staff.

88. After the customary exchange of courtesies, he declared the session closed.

The meeting rose at 5.25 p.m.